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TAGS: [EAID](#) [ECON](#) [PREL](#) [GR](#)

SUBJECT: EMBASSY ATHENS RESPONSE: FY09 PROHIBITION ON ASSISTANCE TO  
CENTRAL GOVERNMENTS WHOSE BUDGETS ARE NOT TRANSPARENT

REF: A. SECSTATE 28885; B. ATHENS 371

11. (U) The GoG is expected to receive \$100,000 in International Military Education and Training (IMET) funding in FY 2009 in order to continue to professionalize Greece's military. Therefore, Greece is covered by Section 7088(c)(1) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2009, and Post is responding to refTel A regarding the public availability of the GoG's budget.

12. (U) The GoG's budget (Jan 1 - Dec. 31) is made available to the public on an annual basis on the Ministry of Economy and Finance's (MEF) webpage ([www.ypetho.gr](http://www.ypetho.gr)) immediately upon Parliamentary passage. For 2009, the full version of the budget (as passed by Parliament in December 2008) is available in Greek (complete with data on incomes and expenditures). The same website carries only a summary of the previous year's budget in English.

13. (U) Unfortunately, the GoG's budget targets (revenues and expenditures) and projections (growth and deficit) normally are very optimistic and, hence, rarely met. In addition, the GoG's budget process does not require formal Parliamentary approval of changes to the budget once it is passed, obviating the need for the GoG to publish a revised budget or an addendum to show how changes alter baseline targets/projections. Normally, the GoG does not make policy changes to its budget, but as the year progresses, it becomes more obvious that revenues will underperform and ministries overspend their initial allotments. As a result, the GoG consistently misses its revenue and expenditure targets. The financial crisis is further complicating this situation this year, as the GoG has had to make changes to its baseline budget in order to provide more social safety net spending and to cut expenditures in order to narrow its budget deficit (see refTel B). The GoG's budget passed in December is already well out of date; however, there is no revised budget publicly available (in Greek or English) to show the new revenues and expenditures the GoG expects in 2009. The result is that few citizens or outside experts/observers trust the GoG's budget numbers.

14. (U) The European Commission (EC) recently moved to place Greece under its Excessive Deficit Procedure (EDP) for consistently breaching the 3 percent cap on deficits. In its comments, the EC criticized the GoG for making "overoptimistic" projections and urged them to develop better capacity for making more realistic ones. The EC also strongly urged the GoG to implement reforms to make tax administration and the budgetary process transparent and subject to mechanisms that monitor, control, and improve expenditure efficiency. If implemented, such measures could improve the GoG's ability to meet its targets, which would go a long way towards making projections more credible.  
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